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Central Intelligence Agency



Washington, D.C. 20505

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## DIRECTORATE OF INTELLIGENCE

20 May 1982

## SINO-US RELATIONS AFTER THE VISIT OF VICE PRESIDENT BUSH

Summary

Beijing used the visit of Vice President Bush to:

- Lend Deng's authority to efforts to work out a compromise on the issue of US arms sales to Taiwan;
- Ease its requirement for a public US statement on arms sales;
- Register its satisfaction with US statements affirming the principle of one China;
- Suggest that further signs of flexibility may be in the offing; and
- Underscore the urgency of current discussions concerning a joint communique.

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US statements during the Bush visit affirming the principle of one China and recognizing Beijing as an equal partner in efforts to oppose the Soviet Union have eased Chinese concerns on these crucial issues.

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The Chinese welcomed the US assurance that arms sales to Taiwan would not go on indefinitely, but they recognize that it stops well short of affirming that the US will terminate arms

This memorandum was prepared by [redacted] Foreign Policy and National Security Branch, China External Affairs Division, Office of East Asian Analysis, Directorate of Intelligence, in response to a request from Mr. John H. Holdridge, Assistant Secretary of State for East Asian and Pacific Affairs, Department of State.

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sales at a certain point in the future.

Beijing clearly wants a settlement that will enable it to claim that it has not retreated from its demands of last October. But it has signalled a willingness to compromise on this question by suggesting a vague public affirmation of US intentions. [REDACTED]

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The Chinese now seek to refine language for a joint communique that they can claim affirms the principle, if not the reality, of a termination of arms sales at some point in the future. At the same time, they will attempt to find language that will permit the US to link the end of arms sales with a program of peaceful reunification. [REDACTED]

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Deng may have intended his request to the Vice President for an accompanying private assurance concerning the termination of arms sales as a hint that other ideas might also be acceptable and that Beijing will be open to US suggestions. The Chinese, for example, may be leaning toward an informal procedure to bridge the gap, such as an exchange of statements that give each side's understanding of the meaning of the communique. [REDACTED]

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Chinese statements during the Vice President's visit reiterated Beijing's desire to preserve the relationship with the US and a strong hope that a settlement can be reached quickly, before the next announced US arms transfer to Taiwan. Deng has demonstrated in recent weeks the strength of his position at home and appears capable of carrying off a compromise that preserves the principle but not the fact of an ultimate cessation of US arms sales to Taiwan. [REDACTED]

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### Chinese Objectives

Beijing's major objective in relations with the US in the past year and a half has been to obtain a clear commitment from the Administration to a "one China" policy that fully respects its sovereignty and its status as an equal partner. China's concerns on this score underpinned its urgent approach to the question of US arms sales to Taiwan last October. The satisfaction of these concerns through the President's letters to the Chinese leaders and the visit of the Vice President has enabled the Chinese to signal that compromise is possible on the arms sales issue. [REDACTED]

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Deng has taken the search for a solution of this issue into his own hands in order to invest efforts to reach a compromise with his own prestige. Beijing obviously had prepared new language for a joint communique prior to the Vice President's arrival, yet waited until after his meeting with Deng on the second day to present formulations that mark substantial progress over the Chinese draft of 22 January. Their introduction after Deng's meeting with the Vice President, as well as Deng's positive comments on Sino-US relations, indicate that these new

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formulations were intended as further signs that Beijing hopes that the current talks will end successfully. [REDACTED]

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### Chinese Probing

In our view, the new language presented by the Chinese for the draft communique, and the manner in which this language was presented, were probably also intended to suggest that further Chinese concessions may be forthcoming. Beijing will probably accept even weaker communique language if a way can be found to affirm that the US respects Chinese sovereignty in a manner that China can claim gives it sufficient satisfaction on the arms sale issue, without compelling Washington to commit itself to a specific deadline for the end of arms sales. [REDACTED]

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The importance to Beijing of maintaining its principle on arms sales was underscored by Premier Zhao in an interview given to Japanese journalists on 14 May. According to Xinhua, Zhao said that the "obstacles" in Sino-US relations "lie mainly in US arms sales to Taiwan." Zhao further stated that these obstacles "can be removed" as long as the US "strictly observes the principles" contained in the Joint Communique establishing relations. Zhao's failure to ask for a commitment to end arms sales and his emphasis on the need to abide by the Joint Communique (which does not deal with arms sales) suggest a desire to settle this contentious issue by means of a general statement that Beijing can claim affirms its principles but that tacitly backs off from China's demands of last October. [REDACTED]

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Beijing's willingness to compromise is also suggested by Defense Minister Geng Biao's statements to a group of Americans subsequent to the visit of the Vice President. Geng said that he believes that a settlement can be reached between China and the US and that he looks forward to Sino-US cooperation "in many fields." Similarly, the favorable treatment of the Vice President's trip in both the Chinese and the PRC-controlled Hong Kong media suggests both a desire for a settlement and hope that one can be reached. [REDACTED]

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In this context, and in the context of the new Chinese draft communique language, Deng's ruminations on how a solution might be achieved imply that his request for a private assurance that arms sales will end by a certain date was designed to invite the US to propose new means to overcome seemingly irreconcilable differences on the arms sale issue. At the same time, Deng's comments to the Vice President make it clear that Beijing requires some form of assurance, however vague, that can be interpreted as maintaining the principle of a US pledge to end arms sales to Taiwan. [REDACTED]

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We believe the Chinese may want the two sides to search for some means whereby they can both subscribe to the same communique language on arms sales to Taiwan and then unilaterally give their own interpretation of the meaning of this language--such as by an

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exchange of letters or statements for the record. These could then be used by the Chinese leaders to demonstrate to party cadre that China had obtained the substance of what it had sought from the US. At the same time, the Chinese would see this as a useful way to allow the US to claim a closer linkage between peaceful reunification and the end to arms sales to Taiwan than Beijing would be willing to subscribe to directly. [REDACTED]

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### The Need for Urgency

Statements to the Vice President by both Deng and Zhao underscore the leadership's belief that a settlement must be reached before the next announced US arms transaction with Taiwan. Deng's statement that he personally decided to proceed with normalization in 1978 and his comment that the arms sales issue can be resolved only at the highest levels indicate a hope that his intervention will push current talks to a successful conclusion. [REDACTED]

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Renewed Chinese urgency on this issue probably results from political calculations that:

- Deng currently has the political strength to pull off a settlement on terms short of those demanded last October; but
- another US announcement of an arms transaction prior to a Sino-US agreement on arms sales would undermine Deng's ability to maintain a consensus on this issue and would force him to protect himself by retaliating against the US.

We believe that Deng's statements further represent a belief that any such retaliation would gravely undermine the prospects for an eventual Sino-US compromise on this issue. [REDACTED]

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### The Outlook

If a settlement can be reached in the manner the Chinese seem to be proposing, it will not mark a neat and clean conclusion to a contentious year in Sino-US relations. In fact, the introduction by the Chinese of a new paragraph in the draft joint communique providing for further consultations on the question of US arms sales to Taiwan suggests that continued pressure on the US in this manner will be the price Beijing will demand for a compromise.

In the event of a settlement that gave Beijing less than it sought last October, China would remove the threat to downgrade relations but would continue to press the US to diminish and ultimately end arms sales to Taiwan. Without the threat to downgrade relations, however, this pressure would be far less intense than it has been since last October. Given the strains of the past year, the Chinese may be slow to revive discussions

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with the US on the transfer of defense-related technology but will at some point probably begin again to probe US intentions in this area. [REDACTED]

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The Sino-US relationship would continue to be restrained by conflicting interests and priorities on the periphery. Beijing would almost certainly continue to attempt to expand its ties with the Third World and will persist in criticizing US policies in the Middle East, southern Africa, and elsewhere. [REDACTED]

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Even before the arms sale issue became a major problem, moreover, Beijing had demonstrated that it could be a difficult and demanding partner when its own regional interests are involved, such as at the Kampuchean conference last July. At the same time, however, in those areas where the interests of the US and China intersect, and particularly in dealing with the Soviet Union, even an imperfect settlement of the arms sale issue will allow the two countries to cooperate openly and fully and to deny Moscow the benefits that would have followed from a downgrading of Sino-US relations. [REDACTED]

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